



KATHLEEN CONNELL
Controller of the State of California

February 9, 2001

**To the Citizens, Governor, and Members
of the Legislature of the State of California:**

I

am pleased to submit the State of California's *Budgetary/Legal Basis Annual Report* for the year ended June 30, 2000. This report shows the financial condition of all funds and the results of their operations for the fiscal year ended June 30, 2000.

California's General Fund, the State's primary funding source for general government services, ended the 1999-00 fiscal year with a fund balance of \$9.64 billion. The fund balance included \$6.29 billion in reserves, funds that were legally set aside for specific uses and, therefore, not available for appropriation. This fund includes a \$3.35 billion unreserved-undesignated balance.

This report is prepared in compliance with state laws and procedures in conformance with the State's budget. I have also issued the *Comprehensive Annual Financial Report*, prepared in conformance with generally accepted accounting principles (GAAP), which may in some instances differ from the budgetary basis. The GAAP report is primarily intended to meet the needs of users outside of state government. A reconciliation between these two bases of accounting is contained in the GAAP report.

This report could not have been prepared without the generous assistance and cooperation of all state agencies. I also am grateful to my staff for their hard work and professionalism.

Sincerely,

A handwritten signature in cursive script, reading "Kathleen Connell".

KATHLEEN CONNELL
California State Controller